

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INQUIRY INTO THE COMMUNITY OF INTEREST)	
AND AFFECT THEREOF BETWEEN THE AREAS OF)	CASE NO.
GEORGETOWN, KENTUCKY, AND LEXINGTON,)	91-149
KENTUCKY)	

O R D E R

IT IS ORDERED that South Central Bell Telephone Company ("South Central Bell") and GTE South Incorporated ("GTE South") shall file the original and 10 copies of the following with the Commission within 5 days from the date of this Order, with a copy to all parties of record.

South Central Bell

1. Refer to South Central Bell's responses to the Commission's Orders filed June 14 and September 17, 1991. Provide detailed engineering studies used by South Central Bell in determining incremental costs as summarized in the response to Item No. 2(b), Sheet 1 of 1, filed June 14, 1991, and the computation of rate additives as summarized in South Central Bell's Extended Area Service ("EAS") cost study, Sheets 4, 5, 6 and 7, filed September 17, 1991, for all of the scenarios being considered.

2. Assume the relocation of the LATA boundary to include the Georgetown, Stamping Ground, and Sadieville exchanges in the Winchester LATA. Describe in detail how South Central Bell

proposes to implement Area Calling Service ("ACS"), if approved by the Commission, between these areas and Lexington since GTE South serves the Lexington exchange area.

GTE South

3. Refer to GTE South's response to the Commission's Order filed October 10, 1991. Provide detailed engineering studies used by GTE South in determining revenue requirements as summarized in Exhibit E, Pages 1, 2, and 3.

South Central Bell and GTE South

4. Clarify whether or not South Central Bell's and GTE South's cost analyses associated with the relocation of the LATA boundary involves moving the current Winchester LATA boundary to include the Sadieville and Stamping Ground exchanges as well as the Georgetown exchange.

Done at Frankfort, Kentucky, this 7th day of November, 1991.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO THE ALLEGED)	
UNAUTHORIZED TRANSFER OF STOCK AND)	
OWNERSHIP OF B.L.S.T., INC. FROM)	CASE NO.
JERRY L. TYLER TO MIKE AND TIM)	90-266
MONTGOMERY AND ALLEGED DEFICIENCIES)	
IN THE SYSTEM)	

O R D E R

On October 11, 1991, the Commission received a letter indicating that the B.L.S.T., Inc. ("B.L.S.T.") sewage treatment plant will be conveyed and transferred to a corporation to be formed by the Brightleaf Homeowners Association ("Brightleaf"). This letter is attached hereto and incorporated by reference herein as Exhibit A.

KRS 278.020(4) requires that any transfer of a utility be approved by the Commission. Accordingly, the transfer of B.L.S.T. to Brightleaf must be approved by the Commission.

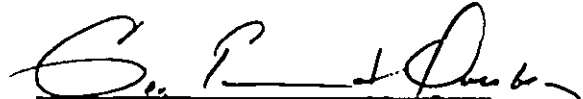
Furthermore, in order to fully gather sufficient information to allow the Commission to determine the reasonableness of the transfer, Brightleaf should be made a party to this proceeding.

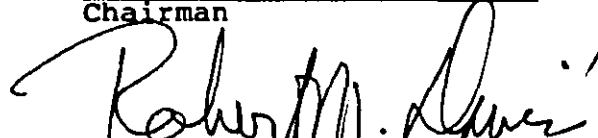
The Commission, having been otherwise sufficiently advised, HEREBY ORDERS that:

1. Brightleaf is henceforth made and named as a party to Case No. 90-266.
2. Brightleaf shall file a transfer of ownership application with the Commission within 20 days of the date of this Order.

Done at Frankfort, Kentucky, this 7th day of November, 1991.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:


Executive Director

CLAY & CLAY
ATTORNEYS AT LAW
310 WEST MAIN STREET
P O BOX 1234
DANVILLE, KENTUCKY 40422

JAMES P. CLAY
RICHARD CLAY
KEVIN L. NESBITT

October 10, 1991

RECEIVED

OCT 11 1991

PUBLIC SERVICE
COMMISSION

RECEIVED

OCT 11 1991

GENERAL COUNSEL

AREA CODE 606
TELEPHONE 239 4441

Hon. Lee MacCracken
Executive Director
Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, KY 40602

Re: Case No. 90-266
B.L.S.T., Inc.

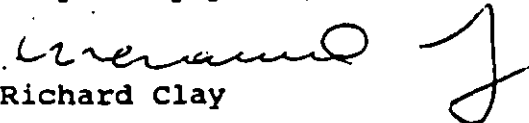
Dear Ms. MacCracken:

Please accept my apologies for the delay in responding to your letter of September 26, 1991. There is no one to give me instructions following the resignation of all directors of the corporation several weeks ago following a visit by an FBI agent, who announced his intention to secure indictments of all directors for continuing violations at the plant. I believe any such indictment has been stopped.

Enclosed is a copy of the plea agreement entered by the corporation in the United States District Court on October 8, 1991. As you can see, there will be a change of ownership required to avoid the crushing fine imposed. I am not aware that any corporation has been formed by the Homeowners Association to receive the forfeit assets.

I am unable to respond to your questions about status of the plant. No one has furnished me information, nor do I have independent knowledge. In light of the confusion at the company I must take this opportunity to resign as its counsel in the proceedings before the Commission. Thank you for the assistance and indulgence you and your staff have given.

Very truly yours,


Richard Clay

RC/ce

Enclosure

cc: Mr. Jerry Tyler
BLST, Inc.

EXHIBIT A

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF KENTUCKY
LEXINGTON

RECEIVED

107 11 1991

PUBLIC SERVICE
COMMISSION

CRIMINAL ACTION NO. 91-21

UNITED STATES OF AMERICA

PLAINTIFF

VS.

PLEA AGREEMENT

B.L.S.T., INC.,
A KENTUCKY CORPORATION, AND
JERRY TYLER, AN INDIVIDUAL

DEFENDANTS

* * * * *

1. Pursuant to Rule 11(e) of the Federal Rules of Criminal Procedure, this Plea Agreement is entered into between the United States of America, by and through Peter M. Davenport, Assistant United States Attorney for the Eastern District of Kentucky, and B.L.S.T., Inc., by and through its sole shareholder, Jerry Tyler, and its attorney, Thomas E. Clay, and Jerry Tyler, individually, in person and by his attorney, Richard Clay.

2. By their signatures below, all parties to this agreement understand and agree that this agreement constitutes the entire plea agreement between the United States and the defendants, and incorporates the complete understanding between the parties hereto, and no other promises have been made by the government to the defendant or to the attorneys for the defendant.

3. The defendant B.L.S.T., Inc. agrees to enter a plea of guilty, not nolo contendere or Alford, to Count 1 of the above-captioned criminal indictment, charging the defendant with a

violation of Title 33, United States Code, Sections 1311(a) and 1319(c)(2)(A).

The maximum punishment authorized to be imposed on the corporate defendant for Count 1 is a fine of not more than \$500,000.00, plus a mandatory special assessment of \$200.00 (pursuant to 18 U.S.C. Section 3013).

4. At the time of the entry of the plea of guilty, the defendant, B.L.S.T., Inc., through its sole shareholder, Jerry Tyler, with authority granted by resolution of the Board of Directors will admit facts necessary to support the plea being entered.

5. Defendant, B.L.S.T., Inc., will pay a fine of \$350,000.00 for its corporate criminal liability in Count 1 together with the mandatory special assessment of \$200.00. This fine of \$350,000.00 will be suspended, and defendant will be placed on unsupervised probation for up to eighteen (18) months on the condition that defendant, B.L.S.T., Inc., pay restitution, pursuant to the provision of Title 18, U.S.C. Section 3663 as follows:

B.L.S.T., Inc. will convey and transfer to a corporation to be formed by the Homeowners Association of the Bright Leaf Estates Subdivision, the package sewage treatment plant, the real estate upon which it is located, all sewer lines and equipment necessary to operate the plant, all of which shall be conveyed without encumbrance.

Jerry Tyler will cause to be conveyed without encumbrance to The Homeowners Association of the Bright Leaf Estates

Subdivision, an additional vacant lot presently owned by Tyler and Tyler, Inc., a corporation solely owned by Jerry Tyler.

Jerry Tyler further agrees for the term of his natural life to a permanent disqualification from any direct or indirect management position or participation in any sewage treatment facility. Such permanent disqualification shall not preclude ownership of corporate shares in the corporation to be formed by the Homeowners Association which will own the sewage treatment facility or by virtue of real estate holdings, but shall preclude exercise of any voting rights pertaining thereto, to include the selection of directors, other corporate officers, assessments or any other management matter submitted to shareholders. Such disqualification shall be personal to Jerry Tyler, individually and beneficially, but shall not preclude exercise of future participation or voting rights by any unrelated successor in interest.

B.L.S.T., Inc. and Jerry Tyler agree to publish in a newspaper of general circulation an advertisement in a form and size acceptable to the United States making a public apology for the environmental violations charged in the indictment.

It is agreed between the parties that the restitution and special assessments are to be completed at the time of sentencing or as soon thereafter as may be practicable.

6. The United States hereby agrees that upon the Court's acceptance of the pleas of guilty as set forth above, the United States will move the Court to dismiss the remaining counts of the

indictment herein at the time of sentencing as to B.L.S.T., Inc. and all counts as to Jerry Tyler, individually.

7. It is further understood and agreed by all parties to this agreement that:

The Court is not bound by the terms of this Agreement and may reject the same;

The Court may order, pursuant to 18 U.S.C., Section 3663, in addition or in lieu of any other penalty authorized by law, that the defendant make restitution to any victim of the offense;

The defendant reserves the right to bring to the attention of the Court, prior to or at the time of the imposition of the sentence, any and all relevant evidence in mitigation of sentence;

The United States expressly reserves the right to speak to the Court at the time of sentencing pursuant to Rule 32(a)(1) of the Federal Rules of Criminal Procedure. The United States further reserves the right to provide to the Court and to the United States Probation Office a statement of facts relating to all of the criminal conduct for which B.L.S.T., Inc. was responsible; and further reserves the right to correct and comment on any misstatements of fact made by the defendant or defendant's counsel in the course of the presentence investigation or in the course of the sentencing or other proceedings; and

The government shall make known to the Court, prior to or at the time of sentencing, the total extent of the defendants'

cooperation with the government or lack thereof, if appropriate in the opinion of the United States of America.

8. The United States agrees not to bring any additional criminal charges against the defendants based upon evidence in the possession of the United States at the time of this agreement and arising out of the defendants' conduct within the Eastern District of Kentucky, unless the defendants breach this plea agreement.

9. It is understood that this Plea Agreement does not and cannot bind the United States Attorney's Offices in any other districts or any state agency concerning any other matters possibly being investigated or prosecuted in any districts other than the Eastern District of Kentucky or by any state agency.

10. All parties hereto understand and agree that all statements and testimony made by the defendant Tyler must be truthful and that this agreement does not preclude the prosecution of the defendant for the offenses of perjury or making false declarations relating to such statements or any testimony rendered pursuant to this plea agreement.

11. A violation of any part of this agreement by the defendants will result in this entire agreement being null and void at the option of the United States. In the event that this agreement becomes null and void as a result of the actions of the defendants, it is understood and agreed that the United States may, at its discretion, reinstate the charges now pending against the defendants, and/or seek an indictment for any and all violations of federal law, including charges of perjury or giving false

statements. If the defendants breach this plea agreement, the defendants expressly acknowledge the right of the United States to institute charges against the defendants arising out of the above-described breach.

12. By subscription to this plea agreement, the defendants and defendants' attorneys acknowledge that the defendants understand the within agreement and that this agreement has been fully explained to the defendants and the defendants' entry into this agreement is free and voluntary.

10/8/91
Date

Jerry L. Tyler
Jerry Tyler, Defendant

Oct. 8, 1991
Date

for Thomas E. Clay
Richard Clay
Attorney for Defendant,
Jerry Tyler

Date 10/8/91

Jerry Tyler
B.L.S.T., Inc.
Jerry Tyler, Sole Shareholder

Oct. 8, 1991
Date

Thomas E. Clay
Thomas E. Clay
Attorney for Defendant,
B.L.S.T., Inc.

KAREN CALDWELL
UNITED STATES ATTORNEY

October 8, 1991
Date

BY: Peter M. Davenport
Peter M. Davenport
Assistant U.S. Attorney

PMD/rlo